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*Prices for important food and industrial raw materials are falling on world markets, partly in response to the sudden strength of the dollar. Oil is just over \$110 a barrel, and gold has fallen below \$800 an ounce. Rodney Smith reports:*

Raw materials, or commodities, have been **hit hard** by the effects of the stronger dollar. Most world commodities are priced in dollars, so when the dollar strengthens, commodity prices in other currencies rise, and people sell them.

The dollar's strength is based on **a combination of factors**; other economies may be slowing faster than the US, and American inflation is nearly 6%. That could **trigger** a rise in US interest rates, making the dollar even more attractive.

It's all part of **a global upheaval** in commodity prices which is reversing some of the gains of the last year or so. Brent crude oil in London is trading at \$112 a barrel; gold has dropped to \$787 an ounce (it **peaked** at just over \$1,030 six months ago); silver is down 12%; and among foodstuffs, wheat and soya prices have fallen between two and 3 per cent.

Governments worried about inflation will be pleased. But the new **downtrend in prices** may not be enough to stop **a round of higher wage demands** among western economies in the months ahead, where workers have **seen their earnings eroded by higher prices for** food and manufactured goods. But some financial experts warn not **to read too much into** these price falls - this could simply be **a correction**, they say, and commodity prices could soon start to rise again.

Rodney Smith, BBC

## Vocabulary and definitions

<b>hit hard</b>	strongly affected
<b>a combination of factors</b>	a number of facts and situations that are present at the same time and affect the result of something
<b>trigger</b>	cause, become the reason for
<b>a global upheaval</b>	a strong and sudden change that is taking place across the world
<b>peaked</b>	reached its highest level, was the most expensive
<b>downtrend in prices</b>	a trend/tendency for commodities to become cheaper
<b>a round of higher wage demands</b>	a period when workers firmly and repeatedly request to be paid more money
<b>seen their earnings eroded by higher prices for</b>	been able to buy less for the money they receive for doing their work (because goods have become more expensive)
<b>to read too much into</b>	to see too much importance in, to pay excessive attention to
<b>a correction</b>	here, a slight change that reflects the current economic situation

More on this story: <http://news.bbc.co.uk/2/hi/business/7560280.stm>

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